

# Directive Human Rights

June 24 2021

<b>1. Purpose, scope and objective</b>	<b>1</b>
<b>2. Key policies and standards</b>	<b>3</b>
<b>3. Requirements: Human Rights Approach</b>	<b>4</b>
3.1 Core elements of the Human Rights Approach	4
3.2 Identify Risks	5
3.2.1 Our approach to Human Rights Assessments	6
3.2.2 Human Rights Impact Assessment	7
3.2.3 Human Rights Self-Assessment	7
3.3 Address adverse impacts	8
3.4 Monitor and Communicate	9
3.5 Grievance and Remedy	9
<b>4. Responsibilities</b>	<b>11</b>
<b>Appendix</b>	<b>13</b>

<b>Summary</b>	
Related Policy	<a href="#">Human Rights and Social Policy</a>
Sponsor/Owner	Magali Anderson, Chief Sustainability and Innovation Officer
Content of the Directive	Holcim’s Human Rights Approach Guidelines on systematic identification, prevention, mitigation, monitoring and remediation of human rights risks and impacts.
Primary Audience	Country CEO, Holcim Global Sustainability Network, related functions (Compliance, HR, HSE, Procurement, Security)
Implementation responsible	Country CEO
Indicator of successful implementation	Human Rights Assessment and Action Plan in place covering Country and site level per requirements. Human Rights Risks and Impacts recorded and mitigated.
Templates & Tools	Available on the Sustainability Intranet Page
Contact for support	Sabine Loetscher / Renata Cunha

## 1. Purpose, scope and objective

The Human Rights Directive (“Directive”) is issued under Holcim’s (“Group”) [Human Rights and Social Policy](#) (“Policy”), which outlines the Group’s commitment to respecting and promoting human and labour rights. The purpose of this Directive is to establish expectations and guidance regarding the implementation of our Human Rights and Social Policy in all operations and legal entities in a country managed and consolidated by Holcim (a “Country” ). All capitalized terms in this Directive have the meaning given to them in the Definitions and Abbreviations section.

This Directive applies to Holcim Ltd. and its affiliates in our consolidated and managed countries (“Holcim” or the “Group”). All operations and legal entities in a country should be included in the scope, e.g. Geocycle, subsidiaries and foundations. New subsidiaries of the Group must fulfil the requirements of this Directive two years after their acquisition. The Directive also sets out how our employees should interact with business partners, suppliers, communities and other stakeholders. Where we do not exercise equity or management control (minority holdings and joint ventures), the responsible Executive Committee will make such associated company or joint venture aware of the related Policy within a year of its revision and encourage its adoption or equivalent standards and behaviour where possible.

Respect for human rights is fundamental to the way we carry out business and our ability to operate. Governments, companies and civil society organisations have agreed on a clear definition of the role of business with regard to international standards referred to below. The globally accepted consensus is that, while governments have a duty to protect human rights, companies have a responsibility to respect human rights and must “do no harm” wherever they operate.

The Group’s Human Rights Approach outlines how we implement our commitment to human rights. The aim is to ensure the systematic identification, prevention, mitigation, monitoring and remediation of potential or actual risks and impacts to people, which may occur as a result of our business activities, operations or the activities of our business partners and suppliers. This methodology also helps countries to set priorities, and define and implement effective follow-up Action Plan.



## 2. Key policies and standards

Holcim has in place a number of key policies and requirements which refer to human rights and set out the expected performance of our own employees as well as our suppliers and business partners. In addition, our Approach to Human Rights is framed by key international standards set out below.

### Key company policies and requirements

Among the key relevant policies and requirements are:

- Human Rights and Social Policy,
- Minimum Control Standards (MCS 62, Social Impact: Human Rights & Stakeholders and MCS 30, Supplier Qualification),
- Code of Business Conduct,
- Human Resources Policy,
- Health, Safety and Environment Policy and related standards,
- Compliance Policy, Security and Resilience Policy and related standards,
- Code of Business Conduct for Suppliers and Sustainable Procurement Directive

All documents can be found under the [Policy Landscape](#) (internal) and on the [ESG resources page](#) (external). Country operations are encouraged to publish a translated version of the Human Rights and Social Policy and this Directive, potentially adding local requirements as part of an addendum.

### Key international standards and conventions

As outlined in the Holcim Human Rights and Social Policy, our commitment is aligned with the principles and values contained in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, and with the internationally recognized rights in the International Bill of Human Rights (which consists of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights), the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Convention on the Rights of the Child as well as relevant laws. Where national law and international human rights standards differ, we will seek to follow the higher standard where possible.

Holcim respects applicable laws and seeks to adapt to emerging regulations. This includes, for example, Modern Slavery Acts in various countries, the loi de vigilance in France and the emerging regulation in the European Union and Switzerland. We also take into account many other conventions and standards, including the Children's Rights and Business Principles and the ILO Convention on Indigenous and Tribal People's rights. When interacting with private security providers and public forces, we will align with the International Code of Conduct for Private Security Service Providers and the Voluntary Principles on Security and Human Rights.

### Relevant statements and memberships

- Holcim CEO Jan Jenisch joined the [Call to Action for Business Leadership on Human Rights](#) by the World Business Council for Sustainable Development (WBCSD) in January 2020.
- Holcim has pledged or signed up to several international calls to action for human rights such as the [UN Women's Empowerment Principles](#), the [WASH pledge](#), and the [2021 End Child Labour Action Pledge](#).
- Holcim is also a member of a number of international organisations, such as the [UN Global Compact](#) and the [WBCSD](#), which seek to strengthen human and labour rights.
- We support the implementation of regulatory frameworks that require mandatory human rights and environmental Due Diligence, as stated in the [Advocacy Positions Leaflet](#).

Updated information can also be found on [the corporate website](#) and [corporate intranet pages](#).

### 3. Requirements: Human Rights Approach

The Country CEO takes responsibility and is accountable for assessing and addressing local human rights issues. He/she is responsible for implementing the Human Rights Approach in the country operations, covering our operations, supply chain and business partners. The main elements and requirements of our Human Rights Approach are outlined in this chapter.

#### 3.1 Core elements of the Human Rights Approach

##### Ongoing Due Diligence and Action

Our Human Rights Approach (Chapter 1) is designed to ensure ongoing Human Rights Due Diligence to identify, prevent, mitigate and account for how we as a company address our impacts on human rights.

- All data of the Human Rights Approach must be consolidated and overseen at Country level.
- The Country CEO and the local Executive Committee hold at least one annual workshop to discuss the status of the Country's implementation of its Human Rights Approach.
- While Due Diligence is ongoing, High Risk Findings must be addressed immediately, must be integrated into the Action Plan and reported to Group (Chapter 3.5).
- When a human rights risk, grievance or even impact / issue is identified, a regular (daily, weekly or monthly) follow-up by the Country CEO or a member of the local Executive Committee is required until the risk or impact has been successfully addressed and remediated if appropriate.

##### Salient Risks

As part of the Human Rights and Social Policy, we have identified seven Salient Human Rights Risks to people from our business activities which we may cause or contribute to, and which we seek proactively to identify, prevent or mitigate. They are:

- health and safety;
- working conditions in our operations and particularly our supply chain;
- discrimination and harassment;
- security-related abuses and violations;
- child labour in high-risk supply chains;
- dust and other emissions;
- and climate change and its impacts.

These are our main areas of focus. All Country CEOs and their team must include them as part of their ongoing Human Rights Due Diligence and Assessments. As we continue proactively to assess and address other potential or actual risks to people, a Country or site may identify additional human rights risks (other than the Salient Risks) based on the local context. A list of human rights risks (not exhaustive) is included in Appendix A.

##### Stakeholder Engagement

Stakeholder Engagement is an integral part of our Human Rights Approach. Stakeholder Engagement is an ongoing and regular dialogue with Stakeholders. Stakeholders are all those who exercise, or could exercise, influence over the activity of a site and all those who are, or could be influenced / impacted by the activity of a site. The aim of Stakeholder Engagement is to build and maintain regular and constructive relationships with Stakeholders at our operations.

We use the [AA1000 Stakeholder Engagement Standard](#) (AA1000SES) as the external reference to assess, design, and implement an integrated approach to Stakeholder Engagement, and to communicate fairly and accurately with Stakeholders and the public about those efforts. This process must be fully embedded into our Human Rights Approach. Stakeholder confidentiality must be maintained whenever requested by the Stakeholders; no form of intimidation is tolerated.

- Every site must have a Stakeholder Map and Engagement Plan in place, which is managed at local level. The Community Advisory Panel (CAP), a specific form of Stakeholder Engagement, is mandatory

for cement plants and grinding units and can be recommended on a case by case basis for other sites. Further information in Appendix B.

- Engagement with relevant Stakeholders in the planning stage of a new development is mandatory (for example, a new quarry or extension or for the introduction of a new waste fuel or raw material). Engagement enables us to better understand Stakeholder issues, address them and gain Stakeholder trust in a new project.

Holcim has a wide range of Stakeholders who may be consulted as part of our work on human rights. These include, but are not limited to, home and host governments, relevant international and national organisations, business partners, our employees and contracted workers, migrant workers, employee representatives, community representatives, civil society organisations, trade unions, academics, human rights specialists, members of religious organisations and vulnerable members of society, including women and children, indigenous people, minorities, and human rights defenders (Appendix B).

### Impact Assessments

According to the business-environment risk level and in line with the requirements described below (Chapter 3.2), Human Rights Assessments are one of the core elements of our Human Rights Approach. These must be conducted at Country or site level and repeated at least every 3 years.

### Training

Training of key Stakeholders is a core part of our Approach.

- Human rights are integrated in the Minimum Control Standard (MCS) and Code of Business Conduct (CoBC) training, which is available and used globally in several languages. Group Sustainability conducts training and Assessment kick-off sessions with Country CEOs and their teams in small groups (at least every 3 years per Country).
- Group Sustainability runs at least one human rights training session annually for the Holcim Global Sustainability Network (who are representatives of Country Executive Committees).
- Group Sustainability also runs at least four training sessions annually with a global human rights working group, made up of Country representatives leading on the topic. The training covers the implementation of the Human Rights Approach as well as dilemma sessions, which focus on a real-life risk or an issue provided by a working group member. Corporate or regional experts regularly conduct “train the trainer” sessions to ensure local teams have a thorough understanding of our Approach and can implement it well in their local context.
- Online human rights training videos are available and accessible to employees.
- The Country teams are responsible for training site-level teams and raising awareness amongst internal and external Stakeholders at a local level.

For all training, feedback is continuously sought to further improve its effectiveness.

## 3.2 Identify Risks

At Holcim, human rights risks are identified through Human Rights Assessments and appropriate grievance mechanisms. The potential negative impacts concern both Stakeholders and the business. The UN Guiding Principles on Business and Human Rights require companies to assess their operational risks to people, not only to business. There is often a connection: if an issue negatively impacts Stakeholders it will also likely represent a risk to the business, through reputational damage, potential legal and financial consequences, a loss of confidence in the workforce and damage to the overall licence to operate.

## 3.2.1 Our approach to Human Rights Assessments

### Key elements

- **Mandatory Assessment:** All Countries must conduct a Human Rights Assessment (impact or Self-Assessment) based on their risk level pertaining to human rights. The goal of the Assessments is to obtain a comprehensive and systematic overview of the risks and potential impacts related to human rights. All Assessments are consolidated at Country level (Appendix B, summary of requirements).
- **Workshop with Executive Committee:** As part of all Assessments, it is required to have a workshop with participation of the Country CEO, Executive Committee and other relevant functions to discuss the local situation and identify the main risks from an initial perspective.
- **Validity:** Assessments must be repeated at least every 3 years. After 3 years, the Assessment must be updated, taking into account previous Assessments, progress on Actions undertaken, and learnings. If a new issue or risk emerges before the end of the 3 years, the Assessment and Action Plan must be updated to reflect this.
- **Deadline for Implementation:** All countries must have a valid Human Rights Assessment in place by the end of 2021; where applicable (Business Environment Risk Level, p.6), cement plants and grinding units must have a valid Human Rights Assessment in place by the end of 2023. All Assessments or Action Plan previously conducted or developed remain valid.
- **Scope:** The scope of the Assessments includes all operations and legal entities consolidated under the management of a Country, including Geocycle or local subsidiaries. Human rights issues within our supply chain must also be assessed, including contracted employees and suppliers prioritized as per the methodology in the Sustainable Procurement Directive.

### Roles and Responsibilities

- **Country CEO:** The Country CEO must champion this process and guarantee the involvement of all functions relevant to this process (Country CEO Checklist, p.11).
- **Designated lead:** The Country CEO assigns responsibility for conducting the human rights Assessments to a function at Country level and at the right level of granularity and seniority. This designated team needs to ensure the impartiality and confidentiality of the exercise.
- **Cross-functional collaboration:** The Assessment must involve representatives of relevant functions such as Human Resources, Legal & Compliance, Procurement, Logistics, HSE, Geocycle, Security & Resilience, Operations and Sustainability (e.g. seek information from functions, functions participate in the workshop at Country level, involvement of the functions in the Assessment at site level). The Assessments must take into account existing data and practices from other functions; no process needs to be duplicated.

### Business Environment Risk Level

The Business Environment Risk Level defines if a Self-Assessment or an Impact Assessment is required. The risk level of each Country where Holcim is present, with regard to business-related human rights issues, is determined based on the [UN Human Development Index \(HDI\)](#) and the [Freedom House Index \(FH\)](#). The business environment is considered:

- Business environment - High-risk: if the FH rating is “not free” or  $HDI < 0.70$
- Business environment - Medium-risk: if the FH rating is “partly free” or  $HDI < 0.79$
- Business environment - Low-risk: if the FH rating is “free” and  $HDI \geq 0.79$ .

Based on the Business Environment Risk described above:

- Operations in low-risk business environments conduct a Self-Assessment consolidated at Country level.
- Operations in high-risk business environments conduct an Impact Assessment for each cement plant and grinding unit and consolidate at Country level.
- Operations in medium-risk business environments conduct an Impact Assessment for cement plants and grinding units that a) have experienced material human rights-related conflicts or issues in the past three



years, b) were the target of a civil society campaign with a national or international dimension in the past three years, c) have a significant indigenous population in the neighbourhood. Otherwise operations in medium-risk business environments conduct a Self-Assessment at Country level.

Exceptions:

- Countries / Business centers without operation sites conduct a Self-Assessment (regardless of whether these are located in low, medium or high risk business environments)
- At the beginning of a CAPEX project (for example a new plant or significant upgrade in a plant), a Human Rights Impact Assessment must be conducted, independently if the Country is located in a high, medium or low-risk business environment. This is to identify proactively any potential risks to people linked to the project (e.g. free, prior and informed consent).

A list of countries and risk levels can be found on the [Group Sustainability Intranet](#).

### 3.2.2 Human Rights Impact Assessment

#### Key elements

- Site level Assessments: Countries that are required to conduct Human Rights Impact Assessments must conduct the Assessments at site level for cement plants and grinding units. Risks from other units (aggregates, readymix, corporate, etc.) may be assessed at Country level or be more granular as appropriate.
- Validity: A Human Rights Impact Assessment is valid for three years per site. In exceptional cases (for example during the Covid-19 pandemic), a Self-Assessment at site level (cement plant and grinding unit) will be conducted as a temporary solution, valid for one year.
- Consultations: A consultation process (focus groups and interviews) with local internal and external Stakeholders must be conducted in all Impact Assessments in order to identify risks and impacts, as well as to identify gaps in existing mitigation measures.
- Time: Impact Assessments take approximately three to four days per site.

#### Roles and Responsibilities

- Facilitator: The Human Rights Impact Assessment must be led by a trained Facilitator (corporate, regional or local personnel who have previously been trained to conduct Human Rights Impact Assessments). They are supported by the person responsible at the cement plant or grinding unit for sustainability and Stakeholder Engagement. To ensure impartiality, an external Facilitator from outside the site must conduct the Assessment.
- Country CEO, Executive Committee and function heads: A workshop with the Country CEO, Executive Committee and relevant teams must happen before conducting site Assessments.
- Corporate/Regional Support: To facilitate cross-border learning, a Facilitator from outside the country (usually from corporate or the region) should regularly go to the country to lead this process for selected sites.

→ See **Appendix C** for more detailed information on the process of the Impact Assessments.

### 3.2.3 Human Rights Self-Assessment

#### Key elements

- Country level Assessment: Countries that are required to conduct a Self-Assessment must conduct it at Country level. The Self-Assessment must cover risks and issues that can or have emerged at all major operating sites, corporate, business partners and supply chain of the Country operations. The Self-Assessment is based on a tool developed by the Danish Institute for Human Rights, one of the leading institutions in the field of business and human rights.
- Validity: A Human Rights Self-Assessment is valid for three years.
- Time: The Self-Assessment takes approximately one working day.

### Roles and Responsibilities

- **Facilitator:** The Self-Assessment must be led by a designated person (e.g. sustainability, human resources, internal controls) at Country level.
- **Country CEO, Executive Committee and function heads:** The Country CEO, Executive Committee and relevant Country-level function heads participate actively in the workshop.

→ See **Appendix D** for more detailed information on the process of the Self-Assessments.

## 3.3 Address adverse impacts

A human rights and Stakeholder Engagement Action Plan (called “Action Plan”) must be developed and implemented at site level. The aim is to systematically and immediately address risks and impacts (called “Findings”) identified in our own operations, our supply chain and business partners through appropriate Actions (called “Actions”).

### Key elements of the Action Plan

- **Components of the Action Plan:** The Action Plan contains a Stakeholder Mapping, the Findings (High, Medium and Low Risk Findings) and the Actions, the person responsible for the Action, the deadline for concluding the Action and the status of implementation. A standardized format is available in the Group Sustainability Intranet.
- **Findings:** Findings are often related to Salient Human Rights Risks (Chapter 3.1). They can be identified through the Human Rights Assessments or any other grievance mechanism (Chapter 3.5) at any given time.
- **Scope:** All Country operations, as well as each cement plant and grinding unit, define their specific Action Plan, covering their own operations, supply chain and business partners. The Country operation’s Action Plan is a summary of the cement plant and grinding unit’s Action Plans and additional Actions from other units (aggregates, readymix, corporate, etc.) as appropriate. Any site, even if temporary, operating for more than one year, located near a local community, must define an Action Plan if risks and/or impacts are identified.
- **Validity:** The Actions in the plan must be updated annually. If major risks or impacts are identified, the Action Plan must be updated immediately.
- **Closure of Actions:** Closure of Actions of High Risk Findings must be validated by Group Sustainability.

### Roles and Responsibilities

- **Designated Action Plan Ownership:** The Country CEO is ultimately responsible for ensuring the development and implementation of the Action Plan. He/ She can designate one or several functions to lead this process locally. Site-level Action Plan (cement plants and grinding units) must be owned by the plant manager, with the support of the site management team. All Action Plans must be consolidated at Country level.
- **Governance:** The Country Executive Committee must address high or medium risk Findings immediately (and follow up at least quarterly). The rest of the Action Plan must be reviewed at least on an annual basis.

→ See **Appendix E** for more detailed information on the Action Plan and its components.

### What this means for Due Diligence in the supply chain

Through our **Sustainable Procurement** program, we actively verify and monitor suppliers’ compliance with our [Code of Business Conduct for Suppliers](#) in every market where we operate. Responsible business conduct is an integral part of our procurement strategy. Please refer to the [Sustainable Procurement \(Responsible Sourcing\) Directive](#).



### 3.4 Monitor and Communicate

#### Monitoring

Monitoring the progress of each Action is crucial to ensure good management of human rights risks and impacts.

- The Country CEO defines who is in charge of overseeing Action Plan implementation.
- The designated person must ensure regular (e.g. quarterly, at least annually) status updates, and on-time closures by the functions in charge of implementation, as well as reporting of overdue Actions to the Country CEO. High Risk Findings and closure of Actions must be monitored more frequently (daily, weekly, monthly as appropriate) and reported as per internal reporting requirements (Chapter 3.5, see internal guidance on High Risk Findings and Actions).
- Results of the Human Rights Assessments, an up-to-date version of the Action Plan and its implementation must be reported in the Human Rights and Stakeholder Questionnaire, the annual reporting tool sent to the countries by Group Sustainability. The reported Action Plan has to be signed off by the Country CEO.

In order to anticipate developments in the operating environment, identified Salient Risks should be continuously monitored, e.g. through periodic interviews and focus groups with key Stakeholders. When repeating the impact or Self-Assessments after 3 years, special attention should be paid to ensuring that previous Actions have successfully mitigated any identified issues.

#### Communication

We regularly inform internal and external Stakeholders about progress and performance on human rights. In case of high-risk Findings, relevant Stakeholders and governance bodies are informed immediately.

- The CSIO informs the Board of Directors through regular meetings with the Health, Safety and Sustainability Committee (HSSC).
- The CSIO communicates performance and progress to the Group Executive Committee at least quarterly.
- Group Sustainability informs employees through internal communications channels open to all employees and communicates progress and planned improvements to the Holcim Global Sustainability Network and expert teams.
- External Stakeholders are informed through regular communications on social media, the Group's public website, ESG ratings and investor requests, as well as through the Integrated Annual Report and Sustainability Performance Report, which are available publicly.
- Regular updates about human rights issues and allegations are included in site-level communication with Stakeholders. Reporting on human rights risk management needs to be clear and easily accessible to local Stakeholders, ensuring anonymity as required. This is added to Stakeholder Engagement Plan and can be done through written updates in local languages, or using our local engagement channels such as oral presentations to CAPs to facilitate access to people with limited literacy.

### 3.5 Grievance and Remedy

There are several ways in which our employees, their families, suppliers, business partners, members of local communities and other Stakeholders can report grievances they have against the company or our operations and its impacts. We have put in place a wide range of grievance processes at global, Country, site and community levels to capture and address complaints, and to ensure that problems that have been identified can be addressed.

- A reporting mechanism called the Integrity Line is open and available in multiple languages for employees and their families, contractors, suppliers, business partners, customers, community members and other Stakeholders. The hotline service is operated by an external third party and

provides a safe, anonymous and confidential way to raise concerns. In addition to reporting by phone or through the web portal, all issues raised by other internal and external sources are entered into the same process. This global system aims to facilitate, and respond effectively to reports of misconduct. Every report is reviewed by members of the Ethics, Integrity & Risk Committee, and is followed up with an investigation if appropriate and remedy if the report is substantiated. All integrity reports must be treated without retaliation.

- In addition, all Countries should have a clear site-level mechanism for internal and external Stakeholders to raise issues related to our operations. This can be a telephone number or an email publicly available and widely communicated as part of our Stakeholder Engagement Plan. This is open to employees and members of the public. All grievances must be investigated and responded to. A record of all complaints and follow-up Actions must be kept as part of the Action Plan.
- CAP must be set up at all cement plants and grinding units to ensure regular exchanges with community representatives. It is another mechanism by which we hear of grievances and are able to examine them in dialogue and seek solutions.

On remediation, we recognise the need to engage actively and cooperate in addressing and, where appropriate, remediating adverse impacts which we may have caused or contributed to through our own activities. We take appropriate steps to prevent their recurrence, improve future practices and take account of other remediation measures as outlined in the UN Guiding Principles on Business and Human Rights. In addition, we are committed to collaborating actively in initiatives that provide access to remedy, such as OECD National Contact Points and similar mechanisms, and not obstructing access to other remedies or mechanisms. Where severe risks or impacts are raised related to our downstream value chain (e.g. customer site), we seek to use leverage and raise awareness of human rights.

### High Risk Findings and Actions (Issue Management)

All risks and impacts, which are classified as high severity, are called “High Risk Findings”.

- What are High Risk Findings: These are typically provoked by actual or potential severe impact on rights of people and are often linked to our Salient Human Rights Risks. They are usually identified through the Assessments and/or raised by Stakeholder groups such as community members and/or NGOs, UN, unions and civil society. The Stakeholders raising the topic often organize protests, campaigns on social media, background research and reports, or similar, which are (potentially) picked up by mainstream media, social media and ESG ratings. Thus, beyond the actual or potential impact on people, these Findings/Issues can have a significant reputational and financial impact. Please note that they may or may not be related to a court case.
- Action and monitoring of High Risk Findings: Action must be taken immediately to address these Findings. The closure of Action must be monitored more frequently (daily, weekly, monthly as appropriate) and reported to the Country CEO and to the relevant Group functions immediately when they are known (Group Sustainability, Legal and Compliance, Security and Resilience, HSE, Human Resources and Communications).
- Closure of Actions of High Risk Findings: Closure must be validated by one of the relevant Group functions. Up-to-date information on this process can be found on the Group Sustainability Intranet. In special circumstances, an exceptional deep dive Assessment or verification audit can be undertaken by the Group.

## 4. Responsibilities

### Governance

Holcim’s Chief Executive Officer and Chief Sustainability and Innovation Officer have overall responsibility for the Human Rights and Social Policy and this Directive; oversight and performance reviews are carried out by the Health, Safety and Sustainability Committee (HSSC) of the Board of Directors; Executive Committees in countries where we operate take responsibility and are accountable for assessing and addressing local human rights issues.

### Responsibility for Implementation

In our subsidiaries, the Country CEO is the person ultimately responsible for ensuring human rights related to our operations and business relations are respected. Key areas include that the requirements of the Holcim Human Rights Approach are met. Execution rests with the function designated by the Country CEO, supported by the Country Executive Committee and representatives from other functions (in addition to the designated leaders) such as Sustainability, Stakeholder Engagement, Legal and Compliance, Procurement, Logistics, Human Resources, HSE, Geocycle, Security and Resilience, Operations and Communications. The Plant Manager is responsible for the implementation of the Action Plan (Stakeholder Engagement Plan and Human Rights Action Plan). The local teams are supported by global networks such as the Global Sustainability Network, the Human Rights Working Group and relevant Group functions.

### Participation of an independent observer

We may decide to invite an independent observer, such as an NGO partner, to participate in selected consultations. Furthermore, participation in multi-stakeholder platforms and collective action can also be considered. Independent oversight can provide useful input and may enhance the credibility of the Assessment for civil society and other external Stakeholders. Observers should be experienced, well-regarded experts, and terms of engagement need to be clearly defined in advance.

### Country CEO Checklist

#### The Country CEO needs to:

- Apply the Human Rights Approach in the Country by ensuring the systematic identification, prevention, mitigation, monitoring and remediation of potential or actual risks and impacts to people, which may occur as a result of our business activities, operations or the activities of our business partners and suppliers.
- Ensure that human rights risks and impacts are identified, addressed and reported.
- Meet at least annually (more frequently in case of an identified risk or issue) with the local Executive Committee to review the status of the Human Rights Assessment and Action Plan.
- Assign responsibility for implementing the Human Rights Approach to a designated function, and ensure cross-functional support as defined in this Directive.
- Ensure that Stakeholder Engagement, Human Rights Assessment(s) and Action Plan are in place covering Country and site level as per requirements (Appendix B).
- Where we do not exercise equity or management control (minority holdings and joint ventures), the responsible Executive Committee at Country level will make such associated company or joint venture aware of the related Policy within a year of issuing a revised Policy and encourage its adoption or equivalent standards and behaviour.

Document Control			
Approved by	Responsible Group Executive Committee Member: Magali Anderson – Chief Sustainability and Innovation Officer		
Related Policy, Directives and MCS	<a href="#">Human Rights and Social Policy</a> MSC 62: Social Impact: Human Rights and Stakeholders Sustainable Procurement (Responsible Sourcing) Directive		
Version Control			
Version Number	Date Issued	Author	Update information
Version 1	October 20, 2016	Bernard Matthieu	First publication
Version 2	June 18, 2021	Sabine Loetscher, Renata Cunha	Significant revision to align with updated Human Rights and Social Policy

## Definitions and Abbreviations

Assessment	Refers to Human Rights Impact and Self Assessment.
Actions	Refers to Actions defined in the Human Rights Action Plan.
Action Plan	The Human Rights Action Plan is designed to systematically and immediately address risks and impacts through appropriate Actions.
CAP	Community Advisory Panels.
CoBC	Code of Business Conduct.
CEO	Chief Executive Officer.
Country	Legal entities in a country managed and consolidated by Holcim. In case there are more than one Group Reporting Units (GRU) in one Country, the term Country also applies to each GRU.
CSIO	Chief Sustainability and Innovation Officer.
Due Diligence	An ongoing risk management process with the aim to identify, prevent, mitigate Human Rights impacts. It includes assessing actual and potential human rights impacts; acting on the findings; tracking responses; and communicating about how impacts are addressed.
ESG	Environment, Social and Governance.
FH	Freedom House Index.
Findings	Risks and impacts identified in our own operations, our supply chain and business partners.
Group	Holcim Group, referring to the consolidated Group.
Group company/ subsidiary	Refers to a company where Holcim has management control. When it is referred to as a subsidiary, it comprises all its governing bodies, including its board, board committees and executive management.
HDI	UN Human Development Index.
Human Rights	Human Rights are universal legal guarantees protecting individuals and groups against Actions which interfere with fundamental freedoms and human dignity. (source: UN)
HSE	Health, Safety and Environment.
HSSC	Health, Safety and Sustainability Committee of the Board of Directors of Holcim.
ILO	International Labour Organization.

MCS	Minimum Control Standards.
Negative impact, harm	A negative human rights impact occurs when an action removes or reduces the ability of an individual to enjoy his or her human rights (based on UNGPs).
OECD	Organization for Economic Co-operation and Development.
Salient Risks / Issues	Those human rights that are at risk of the most severe negative impacts through a company's activities or business relationships.
Stakeholder / Stakeholder Engagement	People or institutions that are or might be affected by Holcim's activities on a local, regional or global level. Likewise, Stakeholders are internal or external people, who can influence our activities. Stakeholder Engagement is an ongoing and regular dialogue with Stakeholders.
UN	United Nations

## Appendix

### A. List of potential or actual risks to people

As we continue to proactively assess and address Salient Risks to people, a Country or site may identify additional potential or actual human rights risks (other than the Salient Risks) based on the local context. The list of Salient and other risks that we have identified include, but are not limited to:

- health and safety;
- working conditions in our operations and particularly our supply chain;
- discrimination and harassment;
- security-related abuses and violations;
- child labour in high-risk supply chains;
- dust and other emissions;
- climate change and its impacts;
- water contamination and scarcity;
- forced labour and modern slavery;
- freedom of association and collective bargaining;
- bribery and corruption;
- land rights;
- minimum wage;
- welfare at work;
- the rights of indigenous people;
- human trafficking;
- women's rights;
- biodiversity;
- freedom to speak up and raise grievances.

## B. Summary of requirements

How we identify and address human rights risks and impacts at different levels									
	Country	Corporate	Cement	Grinding	AGG	RMX	Other sites	Business Partners	Suppliers
Human Rights Approach	<input type="checkbox"/>	●	●	●	●	●	●	●	●
Stakeholder Map & Engagement	<input type="checkbox"/>	●	●	●	●	●	●	○	○
Community Advisory Panel	N/A	N/A	●	●	◐	◐	◐	N/A	N/A
Impact Assessment	<input type="checkbox"/>	○	●	●	○	○	○	○	○◐
Self-Assessment	●	○	○	○	○	○	○	○	○◐
Action Plan	<input type="checkbox"/>	○	●	●	◐	◐	◐	○	○◐

- Consolidation
- Mandatory
- Covered through consolidation at Country-level
- ◐ If needed (based on local situation)
- ◐ Sustainable Procurement Directive

## C. Human Rights Impact Assessment: Process in detail

**Preparation:** The Facilitator prepares the Assessment by taking into account the Findings of the last local Executive Committee workshop (Chapter 3.1), researching the Salient Issues identified in relation to the local context, and by researching publicly available information (e.g. UN reports and statistics, media articles related to human rights if any).

**Stakeholder Mapping:** Based on the Stakeholder Mapping (Chapter 3.1) of the cement plant or grinding unit, the list of Stakeholders to be consulted is defined.

**On-site consultations:** A consultation process (focus groups and interviews) with internal and external Stakeholders must be conducted. It is expected that consultations last for 2-3 working days. The consultations add a crucial benefit by creating a safe space for Stakeholders to identify and discuss issues openly. The anonymity of interview and focus group participants has to be ensured, something that is especially important for employees, contract workers and community members. Confidentiality has to be maintained not only during the consultation, but also when inviting participants, transcribing quotes and reporting data. Participant selection has to be done randomly and be confidential, consultations must not be attended by supervisors, and results have to be anonymised. Consultations need to be conducted with representatives of various internal and external local Stakeholder groups, such as employees, contract workers, owners/or managers of contractor companies, truck drivers, employee representatives, trade unions, local authorities, civil society groups, human rights experts, opinion formers (doctors, teachers), religious organisations, universities, neighbours, local communities, and representatives of vulnerable groups such as women and young people, indigenous people



and minorities. A separate consultation with female representatives working at the site (employees and contractors) must also be conducted.

**Data analysis and prioritisation:** After all planned consultations are concluded, the Assessment results are consolidated using a standardised methodology and a systematic overview of the Country's business-related human rights risks. The risks are prioritised based on:

- Scale: How serious is the harm to people?
- Scope: How widespread is the harm to people?
- Irremediable character: If the harm to people occurs, can it be put right?

To be considered high risk, an impact does not need to have all three of these characteristics; any one of them alone might make an impact severe. In addition to these three characteristics, we also consider the severity of the potential impact to the business if the issue is not managed and addressed.

### **D. Human Rights Self-Assessment: Process in more detail**

**Preparation:** The Facilitator prepares the Assessment by taking into account the Findings of the last local Executive Committee workshop (Chapter 3.1), by researching the Salient Issues identified in relation to the local context, and by analysing publicly available information (e.g. UN reports and statistics, media articles related to human rights if any).

**Risk Assessment by the Executive Committee:** In this workshop, representatives of the local Executive Committee will be guided through a number of questions that systematically cover the seven Group-level Salient Human Rights Risks plus the risks identified as Salient in the local context. Based on the answers, the prioritisation tool will automatically rate each human rights issue taking into account the likelihood of the risk in the operating context, taking existing mitigation mechanisms into consideration, and the likely severity of the potential impact. Self-Assessments are reviewed by Group Sustainability.

### **E. Action Plan Components in detail**

**Templates:** Templates for the Human Rights and Stakeholder Engagement Plan, including Stakeholder Mapping, can be found on the Sustainability Intranet Page.

**Stakeholder Mapping and Engagement:** The mapping exercise identifies all local, national and international stakeholders with updated contact details. Stakeholders are classified into different groups (such as employees, subcontractors, employee representatives, trade unions, schools, neighbours, media, NGOs, opinion formers, etc.). For each group, the level of influence as well as the type of relationship is defined (for example cooperative, neutral, opponent). External data (publications, media articles, issues) should be taken into account to define the groups and relationships. The map also defines with whom, when, how and for what purpose we engage with selected Stakeholder groups. The plan should include how we intend to communicate with the different groups of Stakeholders, for example annual meetings with key Stakeholders or newsletters for general Stakeholders. Activities to engage with key Stakeholders and communities must be designed according to the local context. Events such as site visits or a site "Open Day" should be scheduled to strengthen Stakeholder relationships. Also internal events such as employee training sessions should be used to disseminate information, raise awareness about policies and processes, collect feedback and engage in constructive dialogue. It is essential for sites and countries to keep records of attendance lists, minutes and photos. Grievance mechanisms as an early warning system for concerns among employees, contractors and communities should be supplemented by Stakeholder Engagement activities.

**Action Plan:** The Action Plan takes into account risks and impacts (Findings) identified through

- the results of the Human Rights Assessments (Impact or Self Assessment),
- Stakeholder Engagement and CAP,
- grievance mechanisms (integrity line, local grievance mechanisms),
- directly or indirectly voiced concerns of Stakeholders, such as campaigns by civil society organisations, media reports).

## Human Rights Directive

The Action Plan addresses priority areas (high, medium and potential Risks). When addressing these risks and impacts, leverage existing processes such as HSE, dialogue with employees and their representatives, collective bargaining processes, sustainable procurement, and climate change roadmaps. The aim is to develop constructive, cross-functional solutions to minimise risks to people.

Define targets, responsibilities and timelines for each Action. Quantitative and qualitative performance indicators must be defined to measure and report the success of the Actions that have been taken. Progress must be tracked with evidence (photos, invoices etc.) to demonstrate progress against agreed Action Plan. When Actions are closed, the risk or impact has been addressed to the full extent, and the Action will also prevent recurrence. Group Sustainability will track closure of Action, as well as overdue Action on a quarterly basis (more information on the [Group Sustainability Intranet](#)). Action closure of High-Risk Findings must be validated by Group Sustainability. When new projects are planned, additional Actions should be identified. Carefully consider identified risk areas when screening investments, as well as in commissioning processes and feasibility studies for Capital Expenditure (CAPEX) projects.

The defined Actions must be aimed at reducing the risk and impacts from our operations on people. In addition, Actions may also link to social initiatives (see Human Rights and Social Policy, Social Commitment).